

Message Text

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ACTION EUR-12

INFO OCT-01 EA-12 IO-14 ISO-00 CIAE-00 DODE-00 INR-10
NSAE-00 PA-02 ICA-20 SP-02 EB-08 TRSE-00 OMB-01
DOE-15 SOE-02 /099 W
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P R 202205Z JUL 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 8141
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
USMISSION GENEVA
AMCONSUL HALIFAX
AMCONSUL QUEBEC
AMCONSUL MONTREAL
AMCONSUL TORONTO
AMCONSUL CALGARY
AMCONSUL WINNIPEG
AMCONSUL VANCOUVER

UNCLAS OTTAWA 3643

BRUSSELS ALSO FOR USEC

PARIS ALSO FOR USOECD
USMTN

E.O. 11652: N/A
TAGS: ECON, EFIN, CA
SUBJECT: BONN ECONOMIC SUMMIT: FURTHER PRESS REACTION

REF: OTTAW 3560 (NOTAL)
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1. SUMMARY: WHILE INITIAL REACTION OF CANADIAN PRESS TO RESULTS OF BONN SUMMIT WAS REASONABLY FAVORABLE, SUBSEQUENT COMMENTARY HAS REVEALED SOME SKEPTICISM THAT GOVERNMENTS CONCERNED WILL BE ABLE TO MAKE GOOD ON COMMITMENTS. GOC HAS NOT COMPLETED ITS OWN ASSESSMENT OF SUMMIT. END SUMMARY.

2. INITIAL REACTION OF CANADIAN PRESS TO RESULTS OF BONN SUMMIT WAS REASONABLY FAVORABLE (REFTEL). HOWEVER, SUBSEQUENT COMMENTARY REVEALED SKEPTICISM THAT GOVERNMENTS CONCERNED WOULD FULFILL THEIR SUMMIT COMMITMENTS. MONTREAL GAZETTE CHARACTERIZED RESULTS AS "PALLID," NOTING THAT WHILE COMMUNIQUE LOOKED GOOD, SO HAVE COMMUNIQUE'S OF PAST SUMMITS AND IN PRACTICE, MANY OF PROMISES HAVE NOT BEEN KEPT. GAZETTE NOTED LONDON SUMMIT, WHERE COUNTRIES PLEDGED TO FIGHT PROTECTIONISM AND THAT SEVERAL COUNTRIES, INCLUDING CANADA, HAVE SINCE ERECTED NEW BARRIERS TO TEXTILE IMPORTS.

3. TORONTO GLOBE AND MAIL FELT THAT THE GROWTH, BALANCE OF PAYMENTS AND ENERGY COMMITMENTS UNDERTAKEN BY THE FRG, JAPAN AND U.S. WOULD BE EXCEEDINGLY HARD TO SELL TO THESE COUNTRIES' DOMESTIC CONSTITUENCIES. RICHARD GYNN OF TORONTO STAR PRESENTED MORE OPTIMISTIC ASSESSMENT, NOTING THAT EACH SUMMIT COUNTRY HAD AVOIDED FAILURE AND HAD A LOT MORE "CHIPS IN ITS POCKET" (IN TERMS OF RECIPROCAL COMMITMENTS MADE) THAN THEY DID PRIOR TO MEETING.

4. MAJOR PAPERS ALL SKEPTICAL OF GOC'S WILLINGNESS AND/OR ABILITY TO ATTAIN ITS PLEDGED "UP TO 5 PERCENT" GROWTH TARGET. STAR SAID THAT SUPPLEMENTARY BUDGET CONTAINING MORE STIMULUS WOULD BE NECESSARY TO ACHIEVE TARGET, WHILE UNCLASSIFIED

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GAZETTE IMPLIED THAT GOC WOULD USE PROSPECT OF HIGHER INFLATION AS LOOPHOLE TO ESCAPE COMMITMENT.

5. THE FINANCIAL POST WONDERED WHETHER THE DETAILED, MUTUALLY REINFORCING ACTIONS DESCRIBED IN THE COMMUNIQUE WOULD MAKE ANY DIFFERENCE IN AN UNCERTAIN ECONOMIC CLIMATE. IT NOTED THAT BACKSLIDING MIGHT TAKE PLACE LATER THIS YEAR. FOR EXAMPLE, SHOULD PRESIDENT CARTER FAIL TO GET THE ENERGY BILL THROUGH CONGRESS, SCHMIDT COULD STILL TAKE BACK HIS OFFER TO ADD A DASH OF GERMAN REFLATION.

6. WHILE NOTING THAT FRANCE AND ITALY HAD COME UP WITH SIGNIFICANT GROWTH TARGETS, THE POST SAID MANY OF THE COMMUNIQUE'S COMMITMENTS "HAVE BEEN KICKING AROUND FOR SOME TIME." IT NOTED SPECIFICALLY THAT THE CANADIAN COMMITMENT TO ACHIEVE GROWTH OF "UP TO FIVE PERCENT" HAS BEEN MADE REPEATEDLY BY FINANCE MINISTER CHRETIEN IN RECENT MONTHS TO AN UNBELIEVING AUDIENCE. THE FINANCIAL POST QUOTED PRIME MINISTER AS SAYING THE CANADIAN GOVERNMENT PLANNED NO NEW FISCAL OR MONETARY ACTION TO ACHIEVE FIVE PERCENT GROWTH, BUT THAT GOAL IS BASED ON EXPECTATION OF INCREASED FOREIGN TRADE AND AN UPTURN IN ACTIVITY LATER

THIS YEAR. ENDERS

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